If I Buy a Flagstaff Community Land Trust Program Unit, What is the Resale Price?

The resale of a land trust unit is controlled through an appraisal based formula. This formula is in place to retain community diversity and the overall affordability of the unit. While ensuring the previous owner gains a considerable amount in equity.

Resale Formula

Example of Resale Value
- Initial Purchase Price (Appraisal 1) = $180,000
- Appraisal 2 (10 years later, assuming 5% increase) = $ 293,201

Resale Price
Initial Purchase Price + [(Appraisal 2 – Appraisal 1) x 25 %] = Resale Price

$180,000 + [($ 293,201 - $180,000) x 25%] = $208,300 = Resale Price

Amount Household Receives After Resale

Example of Equity from Appreciation (continues from example above)
- Initial Purchase Price - $180,000
- Appraisal 2 - $293,201

Equity Formula (From Appreciation)
(Appraisal 2 – Initial Purchase Price) x 25% = Seller Equity
($293,201- $180,000) x 25% = $28,300 = Seller Equity

Example Net Sales Equity Factors
- 3% down payment = $5,400
- 10 years of mortgage principle = $35,033
- 2% selling expense = $4,166
- Seller profit from appreciation = $28,300

Total Possible Equity Example
[(3% down payment + 10 years of mortgage principle) – 2% selling expense] + Seller Profit from Appreciation = Net Sale Equity

[($5,400 + $35,033) - $4,166] + $28,300 = $64,567 = Net Sales Equity